

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7649**

**BILL NUMBER:** SB 396

**NOTE PREPARED:** Feb 22, 2003

**BILL AMENDED:** Feb 20, 2003

**SUBJECT:** Informal Dispute Resolution for Nursing Homes.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill establishes a voluntary informal dispute resolution pilot program for comprehensive care health facilities.

**Effective Date:** (Amended) Upon Passage.

**Explanation of State Expenditures:** *Summary:* (Revised) This bill would require the State Department of Health to contract with an independent organization that has experience in conducting informal dispute resolutions for a state Medicaid/Medicare survey agency to create and operate a voluntary certification survey informal dispute resolution pilot program. Approximately 500 cases may be involved in the informal dispute resolution process each year. The pilot program is envisioned to resemble a similar program being conducted in the state of Michigan. The contractor charges an hourly rate, the facility requesting an informal dispute resolution may choose the pilot project or the existing state-operated process. If the facility chooses the pilot project, the facility pays the hourly rate of the contractor. The Department would incur no cost other than the administrative expense involved with getting the pilot project in place and negotiating the contract. The contractor in Michigan currently charges an average rate of approximately \$250 per deficiency.

*Background Information:* The State Department of Health reported there were 564 state-licensed nursing facilities in Indiana, most of which are certified to provide services to Medicare and Medicaid beneficiaries. Currently, nursing facilities that receive survey discrepancies are allowed to do the following: (1) submit a plan of correction which outlines how discrepancies will be resolved; (2) request an informal dispute resolution, and if the facility does not agree with the outcome; (3) request an administrative appeal via a Department administrative law judge; or ultimately (4) request a court hearing outside of the administrative process. This bill would allow the facilities the option of selecting an independent outside party to conduct

the informal dispute resolution process, if the facility pays for the cost of the review.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Department of Health; Family and Social Services Administration, Office of Medicaid Policy and Planning.

**Local Agencies Affected:** County-owned licensed nursing facilities.

**Information Sources:** Zach Cattell, Legislative Liaison for the Indiana Department of Health , (317)-2332170; Code of Federal Regulations, 42 CFR 488.331; Indiana State Department of Health Web Site; Evelyn Murphy, Director, Indiana Medicaid Long-Term Care Program; and the Indiana Administrative Code, 410 IAC 16.2-3.1-2.

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